

"(I) the rate of an employer's matching contribution does not increase as an employee's rate of elective contributions increase, and
"(II) the aggregate amount of matching contributions at such rate of elective contribution is at least equal to the aggregate amount of matching contributions which would be made if matching contributions were made on the basis of the

percentages described in clause (i).
"(C) NONREFLECTIVE CONTRIBUTIONS.—The requirements of this subparagraph are met if, under the arrangement, the employer is required, without regard to whether the employee makes an elective contribution or employee contribution, to make a contribution to a defined contribution plan on behalf of each employee who is not a highly compensated employee and who is eligible to participate in the arrangement in an amount equal to at least 3 percent

of the employee's compensation.
"(D) NOTICE REQUIREMENT.—An arrangement meets the requirements of this paragraph if, under the arrangement, each employee eligible to participate is, within a reasonable period before any year given written notice of the employee's rights and obligations under the arrangement which—

"(i) is sufficiently accurate and comprehensive to apprise the employee of such rights and obligations, and

"(ii) is written in a manner calculated to be understood by the average employee eligible to participate.

"(E) OTHER REQUIREMENTS.—

"(i) WITHDRAWAL AND VESTING RESTRICTIONS.—An arrangement shall not be treated as meeting the requirements of subparagraph (B) or (C) of this paragraph unless the requirements of subparagraphs (B) and (C) of paragraph (2) are met with respect to all employer contributions (including matching contributions) taken into account in determining whether the requirements of subparagraphs (B) and (C) of this paragraph are met.

"(ii) SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS NOT TAKEN INTO ACCOUNT.—An arrangement shall not

be treated as meeting the requirements of
graph (B) or (C) unless such requirements are
without regard to subsection (1), and, for purposes
subsection (1), employer contributions under
graph (B) or (C) shall not be taken into account.

"(F) OTHER PLANS.—An arrangement shall be
as meeting the requirements under subparagraph
if any other plan maintained by the employer meets
requirements with respect to employees eligible
arrangement."

**(h) ALTERNATIVE METHODS OF SATISFYING SECTION
401(m) NON-**
DISCRIMINATION TESTS.—Section 401(m) (relating to
nondiscrimination test for matching contributions and employee
contributions)
as amended by section 1422(h) is amended by
redesignating
graph (11) as paragraph (12) and by adding after
paragraph (10)
the following new paragraph: